

## Voluntary Tax Transparency Report 2018

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On 3 May 2016, the Government announced it was committed to a new voluntary Tax Transparency Code (TTC) to facilitate greater public disclosure of tax information by business.

Beyond Bank Australia (Beyond Bank) is committed to being transparent and honest about its tax affairs and is pleased to provide its second Tax Transparency Report, covering the 2018 financial year. In accordance with that Code, information is provided in relation to both Part A and Part B of the TTC. This Report builds upon the income tax disclosures made in the consolidated financial Report of Community CPS Australia Limited (trading as Beyond Bank Australia) and its controlled entities, which was prepared in accordance with Australian Accounting Standards.

Beyond Bank is a 100% customer-owned bank, with operations only in Australia, it has no international related party dealings. The entities comprising, and the construct of, the Group can be viewed in the [Beyond Bank Group Structure](#).

### Tax Strategy and Governance

Beyond Bank's Board is committed to the highest level of corporate governance, professionalism and ethical conduct. Beyond Bank recognises that an organisation's values and behaviors are integral components of the corporate governance framework, of which taxation is an important element. Beyond Bank was the first Australian bank to become B Corp Certified, which is a validation of our commitment to social responsibility, transparency and good governance.

Beyond Bank views taxation as a social levy which we have an obligation to the community to pay. Beyond Bank is committed to paying the correct amount of tax and will strive to ensure all societal obligations are met in accordance with the spirit of the law.

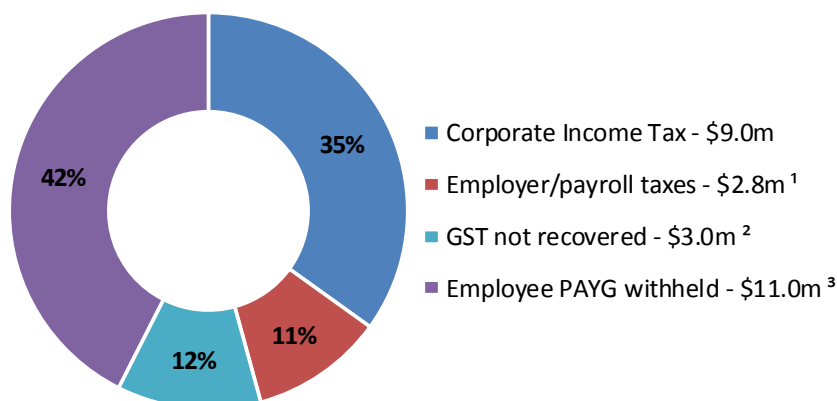
Beyond Bank implements this strategy through its Taxation Policy. This Policy is approved by the Board and is aligned to the Group's comprehensive overarching Risk Management Framework. Tax risks are identified, assessed and managed in accordance with the Board defined thresholds/risk appetite.

In congruence with our taxation philosophy and corporate risk management approach, Beyond Bank will adopt a conservative or risk-averse approach to taxation matters and tax planning. This means, if any material doubt exists as to the application of the tax law, Beyond Bank will adopt the tax position most likely to be upheld by the Australian Tax Office (ATO).

Beyond Bank welcomes ATO audits, should they occur, as an opportunity to gain an external perspective on our taxation compliance processes. Beyond Bank proactively engages with the ATO and independent external advisors to discuss potential taxation implications of significant transactions where appropriate.

## Tax contribution summary

The following chart illustrates Beyond Bank's tax contribution to the Australian (Federal and State) tax authorities for the financial year ended 30 June 2018:



## Reconciliation of accounting profit to tax expense and income tax payable

A reconciliation of Beyond Bank's accounting profit to its income tax expense is included at Note 4 of the 2018 Financial Report. Additional information is provided below to enhance the transparency of Beyond Bank's tax information.

	<i>ETR %</i>	<b>2018</b>
		\$'000
<b>Profit from operations</b>		<b>34,801</b>
<b>Pima facie income tax expense at 30%</b>	<b>30.0</b>	<b>10,440</b>
<i>Adjust for non-temporary differences</i>		
Franked dividends received	<i>(1.4)</i>	(476)
Foundation charitable entities (income tax-exempt)	<i>(1.6)</i>	(535)
Research & Development Tax Offset	<i>(0.3)</i>	(91)
Other	<i>0.2</i>	22
<b>Income tax expense</b>	<b>26.9</b>	<b>9,360</b>
<i>Adjust for temporary differences</i>		
Deferred tax on equity accounted associates		(136)
Net difference between tax and accounting asset carrying values		395
Other		(123)
<i>Adjustments to current tax for prior periods</i>		<i>110</i>
<b>Current year income tax payable</b>		<b>9,606</b>

1. Fringe Benefits Tax for the year ended 31 March 2018 and Payroll Taxes for the year ended 30 June 2018
2. Certain products and services that Beyond Bank offer are 'input taxed', meaning we do not charge customers GST on these products or services and therefore are not able to claim full GST input tax credits on costs incurred by the Bank in providing those services. GST not recovered represents the GST paid by Beyond Bank and not recovered from the ATO.
3. Pay As You Go Income Tax withheld from employee earnings and remitted to the ATO for the year ended 30 June 2018

## Effective Tax Rate (ETR)

For 2018, Beyond Bank's ETR is 26.9% (2017: 27.2%). The ETR is calculated by dividing the Group's income tax expense by its accounting profit before tax. Beyond Bank's ETR is lower than the Australian corporate tax rate of 30% due to non-temporary differences, the table above provides a reconciliation between the Australian corporate tax rate and the Group's ETR.

In FY18 Beyond Bank received fully franked dividends, which diluted the effective tax rate. Fully franked dividends are included in accounting profit but are not taxed in the hands of Beyond Bank. Instead, the tax (at 30%) has already been paid on the profits from which the dividends are sourced.

## Reconciliation of taxes payable

	<b>2018</b>
	\$'000
Tax Payable (refundable) as at 30 June 2017	(243)
Prior period adjustments	(110)
Less: income taxes paid during the year	(9,011)
Income tax payable for current financial year	9,606
<b>Total Tax Payable / (Refundable) as at 30 June 2018</b>	<b>242</b>